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No. 89-148

IN THE

Supreme Court of the United States

OCTOBER TERM, 1989

SUZUKI MOTOR CO., LTD. and
U.S. SUZUKI MOTOR CORPORATION,
Petitioners,

v.

DONALD G. RICHARDSON,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF FOR PETITIONERS

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The Brief In Opposition is devoted largely to the irrelevant exercise of arguing respondent's version of the evidence presented at the trial. The exercise is irrelevant because the issues presented by the Petition for this Court's review have nothing to do with the weight of the evidence. Rather, the issues are (1) whether the Court of Appeals could properly order a judgment for respondent Richardson on validity, infringement and patent assignment that was inconsistent with specific jury findings in Suzuki's favor on those issues and (2) whether the Court of Appeals could properly order a judgment for Richardson on trade secret issues that the district court had set down for new trial based on specific evidence of previous knowledge that would preclude any claim of trade secret.[1]

[1] Because respondent's factual arguments are irrelevant to these issues, we do not respond to them here even though they distort or

As the Petition shows, the Court of Appeals decision was the result of a usurpation of the fact-finding function that is both contrary to the rules of procedure and violative of the Seventh and Fifth Amendments. This fundamental error is not justified by arguing—as the Brief In Opposition does, mirroring the opinion below—that the jury could or even should have reached a different result on the facts. Such an argument might warrant a new trial if it had any basis and were properly presented, but it cannot justify appellate findings at odds with the jury's answers to specific interrogatories, or justify reinstatement of a judgment which the trial court has set aside for a new trial based on specific evidence. Respondent's effort to embellish the Court of Appeals decision in this manner does not support that decision, but rather highlights its fundamental legal flaws.

To the limited extent that respondent attempts to excuse the Court of Appeals' treatment of the findings below on other grounds, his arguments are insubstantial, as we now briefly show.

1. The jury findings of obviousness cannot be reconciled with a judgment of validity.

The jury findings of obviousness on which petitioners rely (Answers to Interrogatories 6(b) and (d), Pet. App. 51a) were articulated in the precise language of 35 U.S.C. § 103, which makes a patent invalid if "the subject matter as a whole would have been obvious at the

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misinterpret the record upon which the jury findings in petitioners' favor were based (reflecting the weight of the evidence on those issues) and which the trial judge examined in entering the trade secret new trial order. The jury's verdict that Suzuki did not "violate its duty of good faith and fair dealing in its relationships with Richardson" (Pet. App. 64a) dispels respondent's suggestions of wholesale mistreatment. It should also be noted that the tortuous path followed by the Court of Appeals decision in ignoring the jury findings and the basis for the new trial order hardly amounts to a "concurrence" with the district court in any respect, as is claimed at Opp. 8.

time the invention was made to a person having ordinary skill in the art . . ." (see Pet. 2). Respondent tries to avoid those explicit findings by reference to Interrogatory 6(c) (Opp. 12-13 and 17), notwithstanding that the jury did not answer Interrogatory 6(c) except to say that it was "not unanimous." An unanswered interrogatory, however, is by definition a nullity and cannot be relied upon to contradict findings that the jury did make. And even if the jury had answered Interrogatory 6(c) in Richardson's favor, that could at most have created an inconsistency requiring a new trial. However hard an appellate court should strive to reconcile the parts of a verdict, it cannot override a jury's unambiguous statutory findings as the Court of Appeals did here without even mentioning them.[2]

Respondent's argument that Suzuki waived the right to object to the inconsistency between the obviousness findings and the general verdict of validity (Opp. 10) is both legally and factually unfounded. The Ninth Circuit—whose procedural rules are applied by the Federal Circuit when as here the appeal is from a district court in the Ninth Circuit, see Pet. 17—has explicitly held that failure to object before discharge of the jury does not waive the objection. *Los Angeles Nut House* v. *Holiday Hardware Corp.*, 825 F.2d 1351, 1354-56 (9th Cir. 1987). And in any event the record clearly shows that Suzuki did object to this inconsistency before the jury was discharged. See A6249-50 [Tr. 3249-50].[3]

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[2] Even if respondent were correct in his challenge to the phraseology of Interrogatories 6(b) and (d) (Opp. 14-17), that would not justify ignoring the jury's answers to them, but again would at most argue for a new trial.

[3] The district court had no occasion to resolve the inconsistency because it took the validity question away from the jury. The Court of Appeals held, and respondent apparently agrees, that this was error and that validity was a question for the jury in this case. See Pet. 6-7.

2. The Brief In Opposition does not even attempt to reconcile the jury findings on infringement and ownership of the Tamaki patent with the judgment of the Court of Appeals.

With regard to both infringement and assignment of the Tamaki patent, respondent argues only that the evidence would have been sufficient to support findings in his favor. The fact is, however, that the jury made findings in Suzuki's favor on these issues.[4] What is determinative for present purposes is that the appellate disregard for the jury's findings upon which the Petition is based in these respects stands undisputed.

3. The Court of Appeals' reversal of the trade secret new trial order without even mentioning the evidence of prior knowledge upon which that order was based remains unjustified.

Apart from attempting to minimize the evidence of prior knowledge upon which the district court specifically based its order granting a new trial on trade secret items 5 and 6 (see Pet. 11-12), the Brief in Opposition offers no excuse for the Court of Appeals' failure even to discuss that evidence when it reversed the order and reinstated the verdict. The applicable Ninth Circuit precedents, requiring affirmance of such an order unless *each* ground upon which it is based constitutes an abuse of discretion (Pet. 16-17), are undiminished by the one Ninth Circuit case that respondent cites. That case, *Digidine Corp.* v. *Data General Corp.*, 734 F.2d 1336, 1347 (9th Cir. 1984), *cert. denied*, 473 U.S. 908 (1985), involved the very different situation of a new trial order based upon an assessment of the overall weight of the evidence. Here, in contrast, the new trial order was based upon specific evidence of a contractual defense to liability (as well as a defense under general trade secret law) that

[4] The jury's findings relating to infringement were clarified by colloquy between the Court and the jury after petitioner Suzuki questioned their meaning. See Pet. 7-8; A6250-51 [Tr. 3250-51].

the jury had apparently overlooked or misunderstood. Under the correct Ninth Circuit rule—as well as the rule of deference to trial court new trial rulings embodied in *Allied Chemical Corp.* v. *Daiflon, Inc.*, 449 U.S. 33, 36 (1980), which respondent does not challenge—appellate reinstatement of a verdict without even discussing this specific basis for the trial court's grant of a new trial is a serious departure from the accepted and usual course of judicial proceedings that this Court should correct in the exercise of its power of supervision.

CONCLUSION

In considering the appropriateness of this case for exercise of its supervisory authority and for clarification of the constraints imposed by the Seventh Amendment and related procedural rules upon the Court of Appeals for the Federal Circuit in patent cases, we ask this Court to reflect upon the cumulative impact of the Court of Appeals' rulings below:

(1) Although the jury—after 47 trial days—found Richardson's patent obvious under the prior art, the Court of Appeals found the patent valid.

(2) Although the jury concluded that what it found to be "infringement" did not involve the accused structure but was limited to "the rising rate", which the district court correctly explained was not protected,[5] the Court of Appeals found that Suzuki was liable as an infringer.

(3) Although the jury specifically found that Richardson was not the "real inventor" of the invention shown in the Tamaki patent, and therefore did not reach the question whether assignment to him would be fair and equitable (Pet. 10), the Court of Appeals nonetheless ordered that the Tamaki patent be assigned to Richardson.

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[5] The Brief in Opposition concedes that the rising rate as such is not covered by Richardson's patent. Opp. 2.

(4) Although the district court pointed to evidence specifically negating liability with respect to the only two trade secret claims on which the jury found for Richardson (out of eleven alleged), the Court of Appeals set aside the resulting new trial order in reliance on nothing more than its perception that there was "substantial evidence" in Richardson's favor and without addressing the basis articulated by the district court.

Certiorari should be granted to correct the serious procedural and constitutional errors underlying this gross substitution of the Court of Appeals' own factual judgments for those of the jury and trial judge to whom such judgments are properly committed.

Respectfully submitted,

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